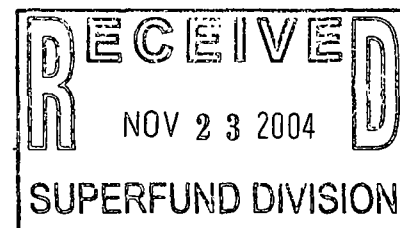


**Chevron Services Company**  
Corporate &  
Environmental Law Unit  
1111 Bagby Street, Suite 4098  
Houston, TX 77002  
P. O. Box 3725  
Houston, TX 77253-3725  
Tel 713-752-3288  
Fax 713-752-4762

**Richard T. Hughes**  
Senior Counsel



**ChevronTexaco**

November 16, 2004

U.S. Environmental Protection Agency  
Marsha A. Adams, SR - 6J  
Remedial Enforcement Support Section  
77 West Jackson Blvd.  
Chicago, IL 60604-3590

**Re: Chemical Recovery Systems Site (CRS Site)**  
**Elyria, Ohio**  
**General Notice of Potential Liability**

Dear Ms. Adams:

This is in response to the General Notice letter related to the CRS site, dated November 4, 2004 and received on November 8, 2004.

Upon receiving the letter I contacted Thomas Nash, Associate Regional Counsel, to determine the basis for naming my client in the General Notice letter. Mr. Nash advised me that several witnesses had alleged that employees of Harshaw Chemical Company (owner of property adjacent to the site) had been observed discharging material into the sewer that flows beneath the CRS property. Further, Mr. Nash advised me that it was his understanding that a ChevronTexaco entity was responsible for the activities of Harshaw Chemical Company.

As to the first point, I was previously aware of the allegations of discharge to the sewer. In fact, I was previously aware that the United States had filed an action under the Clean Water Act against Harshaw related to the discharges to the sewer. That action was settled by Consent Decree in 1977, a copy of which is enclosed. As to the second point, Harshaw Chemical Company became a division of Kewanee Industries, Inc. in 1966. In 1983, most of the assets of Harshaw, including the Elyria plant, were transferred to the Harshaw-Filtrol Partnership and eventually became owned by Engelhard Corporation. As a result of this corporate history Kewanee continues to be responsible for some of the activities of Harshaw. Kewanee is a wholly owned subsidiary of Chevron U.S.A. Inc. which is a subsidiary of ChevronTexaco Corporation.

While we acknowledge the allegations that Harshaw employees discharged material to the sewer, we are not aware of any information that demonstrates that that discharge contributed to the contamination that is the basis of the response actions at the CRS site. According to the Site History provided with the General Notice letter, organic solvents are the concern at

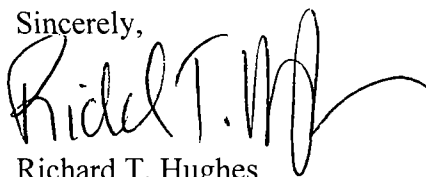
November 16, 2004

Page 2

the CRS site. As is evident from the Harshaw Consent Decree, solvents were not at issue with the discharge.

Since it has not been established that Harshaw's activities constitute the disposal of hazardous substances at the site, at this point Kewanee must decline to perform or finance the RI/FS at the CRS site.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard T. Hughes", with a stylized flourish extending from the end.

Richard T. Hughes

cc: Mark Stella – ChevronTexaco  
Thomas Nash -- USEPA

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION  
CASE NO. C72-214

UNITED STATES OF AMERICA,  
Plaintiff

v.

HARSHAW CHEMICAL COMPANY,  
Defendant

) THE HON. W. K. THOMAS  
)  
) SETTLEMENT AGREEMENT AND MOTION  
) TO DISMISS REQUEST FOR ENTRY OF  
) ORDER TO SHOW CAUSE AND ORDER  
) HOLDING RESPONDENT IN CONTEMPT  
) FOR FAILURE TO COMPLY WITH  
) CONSENT DECREE

Plaintiff, the United States of America, for and on behalf of the Administrator of the Environmental Protection Agency, by Frederick M. Coleman, United States Attorney for the Northern District of Ohio, by Joseph A. Cipollone, Assistant United States Attorney, and Defendant, The Harshaw Chemical Company do hereby stipulate and agree as follows:

1. That Defendant will pay to Plaintiff the sum of Seventeen Thousand Five Hundred (\$17,500) Dollars in full and complete settlement of any and all claims Plaintiff may now have or may hereafter claim to have, arising out of or connected with the Consent Decree in this case filed on February 27, 1974, including those claims set forth in Plaintiff's Motion, filed on August 30, 1976, for Entry of an Order to Show Cause and Order holding Defendant in Contempt for Failure to Comply with the Consent Decree, and the documents attached thereto.

2. Plaintiff will dismiss with prejudice its motion, filed on August 30, 1976, for Entry of an Order to Show Cause and Order holding Defendant in Contempt for Failure to comply with the Consent Decree.

3. The parties will execute the Modified Consent Decree attached hereto as Exhibit A, and will seek the Court's approval of said Modified Consent Decree in accordance with the rules of the Court simultaneously with this Settlement Agreement.

4. This Settlement Agreement is contingent upon the Court's approval of Exhibit A and shall become effective on the date the Court signs Exhibit A.

5. This Settlement Agreement shall not preclude Plaintiff from taking appropriate legal action against Defendant for any violations of 33 U.S.C. 1251 arising after the effective date hereof or any future violations of Exhibit A.

\_\_\_\_\_  
United States District Judge

APPROVED AND CONSENTED TO:

The United States of America,  
Plaintiff

\_\_\_\_\_  
Frederick M. Coleman  
United States Attorney, Northern  
District of Ohio, Eastern Division

\_\_\_\_\_  
Joseph C. Cipollone  
Assistant United States Attorney  
Northern District of Ohio,  
Eastern Division

The Marshaw Chemical Company  
Defendant

By \_\_\_\_\_  
Eben H. Cockley  
1700 Union Commerce Building  
Cleveland, Ohio 44115

Attorney for Defendant

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

UNITED STATES OF AMERICA,	)	CIVIL ACTION NO. C72-214
	)	
Plaintiff	)	
	)	
v.	)	
	)	
KARSHAW CHEMICAL COMPANY,	)	
	)	
Defendant.	)	<u>MODIFIED CONSENT DECREE</u>

In this case, the Court finds that:

The Complaint having been filed herein on March 2, 1972, and with plaintiff and defendant by their respective attorneys having consented, without trial of any issue of fact or law herein, prior to the entry of this Modified Consent Decree, and without this Modified Consent Decree constituting any evidence or admission by any party hereto with respect to any issue of fact or law herein:

NOW, THEREFORE, before the taking of any testimony, upon the pleadings and upon consent of the parties hereto, and without adjudication of any issues of fact or law, it is Ordered, Adjudged and Decreed as follows:

I

This Court has jurisdiction of the subject matter herein and of the parties consenting hereto under Section 1345 of Title 28,

United States Code. The Complaint states a claim upon which relief may be granted against the defendant under Title 33 United States Code, Section 407.

## II

Defendant Marshaw Chemical Company is a subsidiary of Kewanee Industries Inc. and is a corporation licensed to do business in the State of Ohio and is engaged in doing business at Elyria, Ohio, within this Eastern Division of the Northern District of Ohio.

## III

Defendant Marshaw Chemical Company maintains a manufacturing facility at Elyria, Ohio, which is engaged in producing chemical products.

## IV

### Definitions

As used in this decree:

A. "Daily average concentration" shall mean the average of all daily concentrations determined during the month. For those parameters monitored as a series of discrete grab samples taken at regular intervals throughout a day and analyzed separately, the daily concentration shall be the average of the concentrations of the discrete grab samples taken on any one day.

B. "Daily maximum concentration" shall mean the highest concentration appearing in any composite sample or in any average of discrete grab samples taken during any day of the month.

C. "Company" shall mean The Harshaw Chemical Company.

D. "Discharge" shall mean any flow of liquids or solids from the Company's Elyria, Ohio, facility into the navigable waters of the United States directly or via the sewerage system of the City of Elyria.

E. "Regional Administrator" shall mean the Regional Administrator for Region V of the Environmental Protection Agency, his successor, or his authorized representative.

F. "Concentration" shall mean the weight of any given material present in a unit volume of liquid and shall be expressed in units of milligrams per liter (mg/l).

G. "24 hour composite" shall mean a composite sample made up of at least six increments taken at regular intervals throughout the 24 hour period.

H. "Daily average loading" shall mean the numerical average of the daily loadings determined over the days analyses were made during a calendar month.

I. "Daily maximum loading" shall mean the highest loading occurring on any day of the month.

J. "Loading" shall mean the weight, expressed in pounds or kilograms, of a constituent in the Company's discharge.

V

The provisions of this Decree shall apply to all discharges from the defendant's Elyria facility which flow to the Black River and the City of Elyria Sewerage System.

VI

Initial Effluent Limitations

It is recognized that the initial effluent limitations set forth in Table I may not be achieved by the Company in all instances. However, during the period from the date hereof until July 1, 1977, with respect to discharges to the Black River, the Company agrees to achieve the initial effluent limitations set forth in Table I 95% of the time and during the remaining 5% of the time the Company agrees that its discharges shall not exceed the highest effluent level recorded for each parameter reported to the United States EPA during the period of 48 months immediately preceding the date hereof.

Subject to the provisions of the preceding paragraph, the Company further agrees that from the effective date hereof until July 1, 1977, the effluent limitations and monitoring requirements in Table I shall apply to all discharges to the Black River of other than non-contact cooling water.

Beginning on the effective date of this Decree, and until diversion to the Elyria sewer system as required in



paragraph VII is accomplished, the Company shall monitor the non-contact cooling water discharges to the Black River, and the discharges from the City of Elyria sewerage system overflow located at Obitts Chemical Company.

The Company will exercise due diligence to obtain the repair and/or modification of its flow monitoring equipment to make it operational, and at all times when such equipment is operational the Company shall continuously monitor the flow and pH of all discharges limited in Table I.

#### VII

Treatment facilities to comply with the provisions of paragraph XI will be constructed and made operational in accordance with the following schedule:

Completion of final plans by January 2, 1977  
Initiation of construction by February 1, 1977  
Report of progress by March 1, 1977  
Report of progress by May 1, 1977  
Report of progress by June 1, 1977  
Completion of construction and diversion to  
Elyria sewer system by July 1, 1977  
Obtain operational level by August 15, 1977

#### VIII

The progress reports identified in the foregoing schedule of compliance will be submitted to the agencies listed

below and will indicate compliance or non-compliance with the schedule. In the event of non-compliance, the report shall include the cause of noncompliance, any remedial actions taken, and the probability of meeting the next scheduled requirements.

United States Environmental Protection Agency  
Region V, Enforcement Division  
230 South Dearborn Street  
Chicago, Illinois 60604  
Attention: Chief, Compliance Section

Ohio Environmental Protection Agency  
Northeast District Office  
2110 East Aurora Road  
Twinsburg, Ohio 44087

IX

Monitoring results obtained during the previous three months shall be summarized and reported on a Discharge Monitoring Report Form (EPA No. 3320-1), postmarked no later than the 28th day of the month following the completed reporting period. The first report under this Modified Consent Decree is due for the period ending March 31, 1977. Duplicate signed copies of these, and all other reports required herein, shall be submitted to the Regional Administrator and the State at the following addresses:

United States Environmental Protection Agency  
Region V, Enforcement Division  
230 South Dearborn Street  
Chicago, Illinois 60604  
Attention: Chief, Compliance Section

Ohio Environmental Protection Agency  
Northeast District Office  
2110 East Aurora Road  
Twinsburg, Ohio 44087

Whenever necessary to verify compliance with the provisions of this Decree, the Regional Administrator or his authorized representative, upon presentation of his credentials, shall have a right of entry to, upon and through the Company's manufacturing facility; and may at reasonable times have access to and copy any records, inspect any monitoring equipment or method required to be kept under this Decree, and sample any discharge by the Company. This paragraph shall not be construed in derogation of any authority of the Regional Administrator or his authorized representative pursuant to any other provision of law and regulations.

## X

On and after August 15, 1977, all discharges by the Company to the City of Elyria sewerage system shall meet the requirements of the City of Elyria's Ordinance No. 73-18 as presently in force or as hereafter amended or superseded and pretreatment standards promulgated pursuant to Section 307(b) of the Federal Water Pollution Control Act, as Amended (33 U.S.C. § 1317(b)).

## XI

All sampling and analyses shall be performed according to either Methods for Chemical Analysis of Water and Wastes, April 1971, Environmental Protection Agency, Water Quality Office, Analytical Quality Control Laboratory, 1014 Broadway, Cincinnati, Ohio, 45202, or to the Standard Methods for the Analysis of Water and Wastewater, 13th Edition, 1971, American Public Health Association, New York, New York 10019, or subsequent revisions thereof.

XII

Should the Company be delayed in the commencement or completion of the construction of any of the waste treatment facilities to comply with the provisions of this Decree, without fault of the Company, and by circumstances beyond its control, the Company may apply to this Court and upon a satisfactory showing, the time fixed for completion may be extended by this Court for a period equivalent to the time lost by reason for such delay.

XIII

The Company shall make no discharge or deposit of sludge or other byproducts of waste treatment facilities from its Elyria facility into the Black River but shall dispose of such materials in such a place and manner that neither the materials nor any runoff therefrom will enter the Black River.

XIV

This Decree is not and shall not be construed to be a National Pollutant Discharge Elimination System Permit. This Decree shall in no way relieve the Company of its obligation to comply with any other local, State or Federal requirements in any way related to the subject matter of this Decree, nor authorize any other discharge from the Company prohibited by law, including without limitation the provisions of the Federal Water Pollution Control Act as it may be amended from time to time.

XV

The provisions of the Decree shall apply to and be binding upon the parties to this action, their officers, agents, servants, employees, successors and assigns, and upon all those in active concert or participation with them who receive actual Notice of this Decree by personal service or otherwise.

XVI

Either party may apply for cause (including but not limited to changes in any regulatory standards and/or limitations which would apply but for this Decree) to this Court for further orders and directions as may be appropriate.

XVII

This Decree shall remain effective and in full force only until 180 (one hundred eighty) days from the date on which all actions required in paragraph VII are achieved.

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United States District Judge

APPROVED AND CONSENTED TO:

THE UNITED STATES OF AMERICA,

Plaintiff

---

Frederick M. Coleman  
United States Attorney  
Northern District of Ohio

---

Joseph A. Cipollone  
Assistant United States Attorney  
Northern District of Ohio

THE HARSHAW CHEMICAL COMPANY,

Defendant

By 

---

Eben H. Cockley  
Jones, Day, Reavis & Pogue  
1700 Union Commerce Building  
Cleveland, Ohio 44115  
Attorney for Defendant

TABLE I

INITIAL EFFLUENT LIMITATIONS  
AND MONITORING PROGRAM

<u>Constituent</u>	<u>Daily Average on Monthly Basis mg/l</u>	<u>Daily Maximum mg/l</u>	<u>Type Sample</u>	<u>Measuring Frequency</u>	<u>Daily Average kg/day (lbs/day)</u>	<u>Daily Maximum kg/day (lbs/day)</u>
Ammonia-N	250	500	24 hr comp	Weekly	454 (1000)	903 (2000)
Cadmium (Total)	1	3	24 hr comp	Weekly	1.8 (4.0)	5.5 (12.0)
Chromium (Total)	2	6	24 hr comp	Weekly	3.6 (8.0)	10.9 (24.0)
Copper (Total)	3	9	24 hr comp	Weekly	5.5 (12.0)	16.4 (36.0)
Lead (Total)	1	3	24 hr comp	Weekly	1.8 (4.0)	5.5 (12.0)
Nickel (Total)	2	6	24 hr comp	Weekly	3.6 (8.0)	10.9 (24.0)
Mercury (Total)	.004	.012	24 hr comp	Weekly	0.009 (0.02)	0.03 (0.05)
Zinc (Total)	2	6	24 hr comp	Weekly	3.6 (8.0)	10.9 (24.0)
Suspended Solids (Total)	400	800	24 hr comp	Weekly	727 (1600)	1454 (3200)
Oil and Grease	10	20	1 grab/24 hr	Weekly	18.2 (40.0)	35.4 (80.0)
pH (Standard Units)	4 - 12	--	6 measures/ 24 hr	Weekly	--	--
Temperature	--	--	6 measures/ 24 hr	Weekly	--	--
Flow	--	--	6 measures/ 24 hr	Weekly	--	--

when monitoring equipment  
is operational

# ChevronTexaco

**Chevron Services Company**  
A Division of Chevron U.S.A. Inc.  
1111 Bagby Street  
Houston, TX 77002



U.S. Environmental Protection Agency  
Marsha A. Adams, SR - 6J  
Remedial Enforcement Support Section  
77 West Jackson Blvd.  
Chicago, IL 60604-3590